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THE ROLE OF ACTIONS IN SENSEGIVING DURING STRATEGIC CHANGE

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ABSTRACT

This study examines top managers' sensegiving efforts in strategic change by focusing on how they employ substantive actions to shape organizational interpretive schemes. Drawing on a multiple-case study, we identified mechanisms through which substantive actions contribute to scheme change in both direct and indirect ways.

INTRODUCTION

From a cognitive perspective, an organization is constituted by its interpretive system (Bartunek, 1984; Daft & Weick, 1984). Hence, fundamental changes of the organization require shifts in the organizational members' interpretive schemes or mental models that people use to make sense of the situations they are in. Accordingly, a critical role of top managers in strategic change is to accomplish a shift in organizational members' schemes. This process is commonly referred to as *sensegiving*, which is aimed at "influenc[ing] the sensemaking and meaning construction of others toward a preferred redefinition of organizational reality" (Gioia & Chittipeddi, 1991: 442). Since the seminal work of Gioia and Chittipeddi (1991), various studies have examined the different practices of sensegiving by top managers. These studies have yielded rich insights into the symbolic dimension of strategic change by showing how top managers mobilize symbols, metaphors, and narratives to challenge existing interpretive schemes and to establish new ones (Corley & Gioia, 2004; Gioia & Chittipeddi, 1991; Gioia, Thomas, Clark, & Chittipeddi, 1994; Maitlis & Christianson, 2014; Mantere, Schildt, & Sillince, 2012; Sonenshein, 2010). In the respective literature sensegiving is typically portrayed as a two-stage process, where top managers first strive to influence the organizational members' interpretive schemes and then take substantive actions to implement the respective change (Gioia & Chittipeddi, 1991; Gioia et al., 1994). In this case, the change actions become meaningful to organizational members in light of the newly established schemes.

However, in the currently fast-moving business world, organizations sometimes have to implement change quickly (Amis, Slack, & Hinings, 2004), leaving little time to change schemes before taking actions. This implies that under time pressure, it becomes challenging to follow the typical pattern of changing interpretive schemes before taking substantive action; instead we might find that attempts at changing interpretive schemes might take place simultaneously as taking first substantive actions and that both aspects might interact with each other in the change process (cf. Bartunek, 1984). Thus far, we have little understanding of how substantive actions may shape scheme change in sensegiving, largely because most studies focus on the typical two-stage pattern described above. Although some studies show the importance of symbolic actions in the process of initiating strategic change (Gioia & Chittipeddi, 1991; Gioia et al., 1994),

limited attention has been paid to substantive actions and the particular mechanisms of how they contribute to scheme change.

The purpose of this paper, therefore, is to systematically investigate the role of substantive actions in top managers' sensegiving efforts during strategic change. For the purpose of this research, substantive action is defined as any significant decision or activity that has a direct impact on the existing structures, processes, or practices (Thomas, Clark, & Gioia, 1993) – in contrast to those actions that have merely a symbolic effect. In this paper, we draw on a longitudinal qualitative study of strategic change in three companies. In all three cases, top managers took substantive actions already from the beginning of the change process rather than waiting until the interpretive schemes have been changed. The selected cases provide an ideal context to explore the role of substantive actions. Together, these three case studies yielded several important insights: We find that by shaping the sensegiving context and by creating particular resources for sensegiving, substantive actions can contribute to scheme change in both direct and indirect ways. In a direct way, top managers can use substantive actions to break the existing schemes by interrupting established ways of working (sense breaking), to specify the new schemes by contextualizing and illustrating them in the organizational setting (sense specification), and to anchor organizational members' understanding in the new schemes by creating a sense of irreversibility of the change and/or confidence in the new schemes (sense anchoring). In an indirect way, substantive actions influence scheme change through the substantive outcomes they produce, such as financial performance. Substantive outcomes not only reinforce the new schemes but also lead to their potential adjustments.

THEORETICAL BACKGROUND: SENSEGIVING IN STRATEGIC CHANGE

Scholars have investigated various sensegiving strategies through which top managers aim to challenge existing interpretive schemes and establish new ones. In a series of studies, Gioia and colleagues identified the importance of symbolic language, such as ambiguous terms, visionary image and metaphors, in introducing new interpretive schemes (Gioia & Chittipeddi, 1991; Gioia & Thomas, 1996; Gioia et al., 1994). Taking a narrative perspective, some studies focused on how top managers develop particular narratives to shape the way meaning is constructed during strategic change (Dunford & Jones, 2000; Sonenshein, 2010). Rather than focusing on the symbolic and discursive resources for sensegiving, some studies identified how managers craft and communicate their messages to enhance the chance that organizational members will accept and adopt the given sense (Bartunek et al., 1999; Rouleau & Balogun, 2011). Some recent studies also focus on different mechanisms of sensegiving in strategic change, such as sense breaking, sense specification, and sense hiding (Mantere et al., 2012; Monin, Noorderhaven, Vaara, & Kroon, 2013).

However, the role of substantive actions in sensegiving, that is, how substantive actions contribute to scheme change, has not been examined, yet. The neglect of this important question can partly be traced back to the assumption that top managers typically change the interpretive schemes first before they engage in any substantive change actions. This first stage is often referred to as the stage of initiating or preparing the change (Gioia & Chittipeddi, 1991; Gioia et al., 1994; Mantere et al., 2012). Some few authors do mention the potential influence of actions on scheme change, but they typically refer to *symbolic* rather than substantive actions that would have direct effect on the change progress (Gioia & Chittipeddi, 1991; Gioia et al., 1994).

There are several reasons for a systematic analysis of the interplay between substantive actions and schemes in sensegiving during strategic change. First, changing schemes before taking action might be impossible when organizations are under time pressure to instigate change (Amis et al., 2004). Under such conditions, top managers may have to start taking substantive actions before they have time to establish new schemes; therefore, action taking and scheme change are likely to interact directly. Second, some studies suggest that in the stage of change implementation, the new schemes that were previously established in the stage of initiation can break down, as organizational members see top managers' actions and their outcomes as inconsistent with these new schemes (Denis et al., 1996). Maintaining a coherent discourse around the flux of actions during change implementation can be challenging (Dunford & Jones, 2000). Therefore, it seems necessary to examine how top managers take into account various actions in sensegiving in relation to new schemes they want to establish or maintain during change implementation. Third, the study by Monin et al. (2013) indicates that substantive actions may play important roles in sensegiving. Even though the authors do not focus on substantive actions, their data shows that such actions are particularly useful in creating sensegiving opportunities because they can help "[break] previously established rules"; for example, integrating two sales offices in the context of a post-merger integration process destroys the existing schemes of how to co-operate in sales (Monin et al., 2013: 277). However, existing studies have not paid enough attention to the particular role of substantive actions in sensegiving, but typically understand their symbolic role as that of symbolic language (Gioia et al., 1994).

METHODS

To systematically examine how substantive actions contribute to sensegiving in strategic change, a longitudinal multiple-case study was adopted (Langley, 1999). The literature suggests that an ideal context for studying strategic change and sensegiving is when new CEOs take charge (Denis et al., 1996; Gioia & Chittipeddi, 1991), therefore we looked for firms that appointed a new CEO recently. We selected three firms to follow. In each of these cases, the new CEO started implementing a strategic change almost immediately after taking office.

Data collection

In each case, our data collection tracked the development of the change process. The most intense period of data collection covered the first 24 months of the change. Interviews and documents constituted our main data sources. We conducted 120 interviews with the CEO and other organizational members in the three firms. This was complemented by archival data which was from the firm and public sources, which included amongst others executive meeting agendas and minutes, CEOs' and other top managers' speeches in important meetings, internal reports, internal and external communication, and the CEO's interviews given to the media.

Data analysis

We adopted an inductive approach to analyzing the data (Strauss & Corbin, 1998). In the first stage, we composed a rich description of each case by synthesizing the information on the firm from multiple sources (Eisenhardt, 1989). Once the case descriptions were created, we began looking for the major actions and schemes in each case. In the second stage, we coded the

original data in order to identify the role of substantive actions in the top managers' sensegiving efforts. In particular, we asked: how do the substantive actions contribute to the change in interpretative schemes? The codes were then grouped into interpretive clusters according to their similarities and differences, which formed the first-order categories (Miles & Huberman, 1994). By identifying the links between these categories, we generated second-order themes in which the former can be seen as the dimensions of the latter. In the last stage, we developed a model by linking different theoretical themes to explain the patterns we observed.

HOW SUBSTANTIVE ACTIONS CONTRIBUTE TO SCHEME CHANGE

In all the three cases, the new CEOs began the change process shortly after taking charge and acted to implement the change. To facilitate the change process, top managers in all cases made a significant effort to create meaning for the intended change. Two types of mechanisms through which substantive actions contributed to scheme change were identified: direct mechanisms and indirect mechanisms.

The direct role of substantive actions in changing interpretive schemes

The first type of mechanisms includes *sense breaking*, *sense specification*, and *sense anchoring*, which contribute to scheme change in a direct way. The role of actions in *sense breaking* refers to situations in which decisions or activities of change implementation disrupt existing ways of acting and thinking. This creates a meaning void in the organization forcing organizational members to reexamine their interpretative schemes. In AgriCo, for example, the decision to restructure business units forced people to reexamine their ways of working. A vice head of a new business unit explained the impact of the decision on the existing scheme: “[In our history, we] never had a change of this scope and this speed. This was actually crashing the traditional mentality of AgriCo.” To the extent that substantive actions contradict the existing schemes, organizational members need new schemes to make sense of their organizational reality. As a result, by breaking the existing sense substantive actions can create a meaning void that provides the opportunity for top managers to promote new schemes, based on which the organizational members can make sense of the strategic change. Although top managers can break the sense of organizational members also with discourse (Mantere et al., 2012), our finding suggests that substantive actions are more effective as they directly disturb the existing way of acting and thinking (Monin et al., 2013).

Substantive actions also contribute to scheme change by *sense specification*. In this case the actions serve as a means of illustrating and contextualizing what the change and the new schemes underlying it mean. When a new scheme is advocated, organizational members are often confused about what it really means. We found that top managers often took actions to specify the new scheme by showing with their actions what it means. In ServiCo, for example, the CEO promoted the idea of autonomous sub-units. In order to specify the new vision he took eleven substantive initiatives that helped him “making [...] autonomy mean something.” In ManuCo, when the CEO announced the change program with an ambitious target of improving profitability, people did not clearly understand what that meant for the organization. Shortly after the announcement, the CEO adjusted the top management team (TMT) and redefined business regions to align the organization to the target, which illustrated what the change meant in terms of organizational adaptation to it. We found that in a context infused with a high level of

uncertainty and ambiguity, substantive actions can be particularly useful in specifying what new schemes mean or do not mean because they are more concrete and salient than pure discourse.

Sense anchoring refers to situations in which top managers mobilize substantive actions to commit the organization to the intended new schemes. By making bold actions public, top managers can commit the organization to the change because the publicity helps generate a sense of irreversibility of the change. As organizational members sense that the change is unlikely to be reversed, they will be more open to accept new schemes and stick to them. In ManuCo for example, announcing the change program to external audiences created expectations that the organization would deliver the outcomes, as the project leader explained: *“It was announced and announced publicly. So you don't go back and say, ooh, I don't like this or that. You take what's there and then you shape around it and then make it happen.”* In our sample firms, sense anchoring also involved taking a sequence of actions and framing them as consistent with the new schemes. Top managers were trying to build confidence in the new schemes, by demonstrating that what was happening in the organization was closely tied to the new schemes.

The indirect role of substantive actions in changing interpretive schemes

The second type of mechanism includes the indirect ways in which actions contribute to scheme change. We found that substantive actions lead to substantive outcomes, such as financial and operational performance, which can influence scheme change in two ways: *Reinforcing new schemes by substantive outcomes* and *adapting new schemes to negative outcomes*. First, we found that top managers can use substantive outcomes to reinforce new schemes by attributing positive outcomes to the change implementation and negative outcomes to insufficient implementation. We found that during change implementation, early success and positive outcomes were used to rationalize the change. In these cases, CEOs referred to the intermediate success as a way of showing that potential earlier worries about the envisioned change were unnecessary. In this way, top managers reinforced the new schemes that underlined the change. For example, in ManuCo, the CEO explained that he linked the visible outcomes to the change in his end-of-year message: *“I insisted on just recalling; okay, we see the first visible effect and recalling why we do what we do.”* We also found that as different business units and regions might have produced different outcomes, top managers drew on the difference to criticize the ones with negative outcomes as not having implemented the change properly. Therefore, by attributing positive outcomes to the implementation of the change and negative outcomes to insufficient implementation, top managers tried to reinforce the new schemes underlying the change as rational.

Second, significant negative outcomes can also lead to the adjustment of new schemes. We found that negative outcomes can lead to the adaptation of actions and sometimes also the adjustment of the new schemes. In all of the three cases, top managers adjusted their courses of action during the change process. This was because top managers were also experimenting with various ideas and initiatives through trial-and-error. For example, in AgriCo, the CEO communicated to the organizational members several times to *“act fast and don't worry about making mistakes. [...] We can always adjust, but if you don't act, you would never know where things can go wrong.”* As a result of the declining financial performance and quality of products, the CEO adjusted the new structure they had implemented just six months earlier. In order to push newly adapted actions, top managers often needed to refine or adjust the initial new schemes to make those actions meaningful. In addition to that, we also found that negative

outcomes sometimes led to the adjustment of new schemes directly because top managers realized that some of their ideas wouldn't work. This finding corresponds to the study by Denis et al. (1996) who showed that during change implementation, top managers face the challenge of having to account for negative outcomes. Our study shows that this sometimes even leads them to changing their initial plan. In order to facilitate and give meaning to the adjusted courses of actions, they may even have to adjust the schemes they promoted at the beginning. Taken together this shows that top managers often learn by trail-and-error in strategic change. They refine and adjust their own understanding and therefore the schemes they want to establish.

DISCUSSION AND CONCLUSION

In this paper, we set out to examine the role of substantive actions in sensegiving during strategic change, examining how they contribute to the adjustment of interpretive schemes in the organization. We have identified direct and indirect mechanisms through which substantive actions shape the development of schemes. In a direct way, substantive actions can serve as means of sense breaking, sense specification and sense anchoring. In an indirect way, substantive actions influence scheme change through substantive outcomes which lead to adjustments or reinforcements of new schemes. Overall, these findings on the role of substantive actions are in line with Weick's (1995) proposition that "action produced the controls, orderliness, and structure, all of which improve sensemaking, and not the reverse" (p. 168).

This study also contributes to our understanding of the temporal evolution of interpretive schemes during strategic change. First, we show that top managers sometimes establish new schemes while at the same time already taking substantive actions, which is in contrast to the typical pattern presented in most existing studies. The literature often describes that the sensegiving of top managers takes place in the early stage of initiating change, in which top managers question the existing schemes and establish new ones before engaging in change implementation (Gioia & Chittipeddi, 1991; Mantere et al., 2012). These studies show a pattern of scheme change before taking substantive actions. Therefore, by drawing on newly established schemes, organizational members can see the change as meaningful and support the actions of change implementation. For example, in the study by Gioia and Chittipeddi (1991), top managers started taking substantive actions, such as establishing a strategic planning team, only after a whole year of working on schema change. However, in the three cases studied here, top managers took actions to implement the change immediately or shortly after announcing the decision. This temporal pattern is very different from the one described above. Our findings on the role of substantive actions seem particularly relevant for understanding the sensegiving dynamics when top managers are under time pressure to implement strategic change. Second, our study shows that the new schemes that top managers established or tried to establish at the early stage of strategic change are subject to further adjustments. We find that the new schemes sometimes have to be adjusted to adapt to substantive outcomes during change implementation. This finding suggests that to fully understand top managers' role in strategic change, it is necessary to examine their sensegiving in change implementation (Monin et al., 2013), rather than only in the planning or initiating phase of strategic change, which has been the focus of previous studies (Gioia & Chittipeddi, 1991; Gioia et al., 1994; Mantere et al., 2012).

REFERENCES AVAILABLE FROM THE AUTHORS

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